



Mel Carnahan
Governor

State of Missouri

WORKFORCE DEVELOPMENT TRANSITION TEAM

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The Honorable Mel Carnahan
Governor of Missouri
State Capitol, Room 216
Jefferson City, MO 65101

Dear Governor Carnahan:

Your letter of March 31, 1998, called for the integration of Missouri's employment and training programs into a comprehensive workforce development system. This initiative was reinforced by the recently passed Workforce Investment Act of 1998, which places a strong emphasis on integrating employment and training services at One-Stop Career Centers. The integration of these programs will be best achieved through the creation of a new Division of Workforce Development in the Department of Economic Development.

We respectfully submit ***New Directions in Workforce Development*** for your review. This document presents the rationale for consolidating employment and training programs and the benefits of the new Division of Workforce Development administering the Workforce Development System. Our design effort focused on eliminating duplication, providing greater customer choice, promoting local customer service decision-making, and improving results for Missouri taxpayers.

New Directions in Workforce Development was drafted with the assistance of nine taskforces and the Departments of Labor and Industrial Relations, Economic Development, Social Services, Elementary and Secondary Education, and Higher Education. In addition, suggestions were received from many employment and training practitioners through the Workforce Development Internet site.

The recommendations presented should prove helpful in the implementation of the new Division of Workforce Development. However, additional work must be done to ensure a smooth transition, including working closely with the Missouri General Assembly, establishing contractual agreements between departments, and negotiating new cost allocation agreements with the U.S. Department of Labor.

Respectfully,

David D. Mitchem
Transition Team Leader

Enclosure

THE CASE FOR CHANGE

Over the past thirty years, a patchwork of employment and training programs has developed in Missouri. Due to a lack of efficient integration, Missourians have been subjected to a maze of bureaucratic procedures and limited job training choices. Job seekers and employers have not always received timely and reliable information about local labor markets. Poor integration has stymied the development of effective customer service strategies and resulted in an accountability system that measures activities rather than results.

Missouri's economy is stronger than it has been in a generation with high-skilled jobs growing at a rapid rate. However, employers are finding it increasingly difficult to attract qualified workers for either entry-level or high-skilled jobs. Workers with little or no skills feel trapped in low-wage, dead-end jobs. Missouri's citizens and employers must have the proper workforce development tools if they are going to compete in the high tech global economy. Linking an effective workforce development system with aggressive economic development is the key to ensure that Missourians can compete successfully.

NEW DIRECTIONS – RATIONALE FOR A NEW DIVISION

In February of 1996, Governor Mel Carnahan charged the Missouri Training and Employment Council with streamlining the maze of bureaucratic processes and establishing meaningful measures of accountability. In response to Governor Carnahan's call for *new directions* in building a highly effective system of employment and training programs, the Council and the Departments of Labor and Industrial Relations, Economic Development, Social Services, Elementary and Secondary Education, and Higher Education began to implement One-Stop Career Centers.

The One-Stop Career Centers consolidate employment and training services (labor market information, career counseling, job search, referral to training, etc.) at one location in local communities. The One-Stop Career Center initiative focuses on meeting community needs by: promoting customer choice; providing open access to integrated services; promoting flexibility and innovation; streamlining service delivery; improving accountability; and engaging the private sector in local operational and policy decisions. One-Stop Career Centers are not a new program but rather *a new way of doing business*.

With One-Stop Career Centers at its core, a new Workforce Development System is being designed to better serve the needs of job seekers and employers. New partnerships have developed between state agencies and local communities. The Private Industry Councils and local One-Stop Interagency Teams have provided strong leadership in reforming local service delivery.

Although One-Stop Career Centers have had some success, many of the over 100 employment and training programs remain administratively and functionally fragmented. In March of 1998, Governor Carnahan took the next logical step by directing that Missouri's employment and training programs be integrated to create a new Workforce Development System. Central to this new System is the creation of a Division of Workforce Development. Due to the good fit with existing economic development activities, Governor Carnahan has directed that this new division be placed in the Department of Economic Development.

The staff and functions of the Division of Job Development and Training and the employment service functions within the Division of Employment Security will be consolidated to form the new Division of Workforce Development (see attached organizational chart). Sixty-two employment and training programs currently administered by the two agencies will be combined into the new Division. The budget for the new Division submitted to the Missouri General Assembly will include approximately 720 employees and an approximate appropriation level of \$121,000,000. Of this amount, \$70,000,000 is for direct benefits to job seekers and employers. The reorganization is scheduled for implementation with the new budget year beginning July 1, 1999.

Through contractual agreements, the new Division will provide Department of Social Services clients with job development, job placement, wage supplementation, and skills training services. The Division will also work closely with the Departments of Elementary and Secondary Education and Higher Education to ensure workforce development programs of these agencies are integrated into the new System.

Workforce Investment Act of 1998

During the summer, Congress passed and the President signed the Workforce Investment Act of 1998 (H.R. 1385). The Act places a strong emphasis on integrating employment and training services through One-Stop Career Centers and promotes community-based design and control of the Centers by establishing local Workforce Investment Boards. There are many similarities between the concepts promoted by the Act and those that have moved Missouri's employment and training programs in *new directions*. Creating a new Division of Workforce Development will help Missouri comply with the Act.

THE DEVELOPMENT PROCESS

Nine taskforces (160 individuals) were created to assist in the design of the new Workforce Development System. The taskforces began their integration of employment and training programs with the following set of **principles**:

The new Workforce Development System will:

- integrate employment and training programs to provide job seekers greater access to employment opportunities, training, education, and career choices;
- promote community-based design of integrated One-Stop Career Centers that are flexible, simple, timely, and highly responsive to job seekers and employers;
- serve job seekers and employers equally through the One-Stop Career Centers;
- provide accurate and easy-to-use labor market information allowing job seekers and employers the opportunity to make informed career and business decisions;
- provide job seekers employment opportunities resulting in increased economic self-sufficiency and well-being;
- provide employers a qualified workforce;
- promote strong accountability for producing customer-based results for job seekers and employers;
- be the system of choice as evidenced by expanded use by job seekers and employers; and
- provide information on current labor market trends to assist educational and training institutions in the design of their curriculums.

An Internet site (<http://wfd-info.works.state.mo.us>) was created to promote public awareness. Taskforce work products were posted on the Internet. Since July, 7,900 individual contacts have resulted in 156,000 pages of information being viewed. In addition, focus groups are being held to allow job seekers and employers an opportunity to critique major concepts in ***New Directions in Workforce Development*** and provide ideas on how to improve service delivery.

ONE-STOP CAREER CENTERS

Over the past three years, agencies administering employment and training programs in Missouri have worked to be more effective in serving Missourians through the development of community-based One-Stop Career Centers.

An effective One-Stop Career Center System must:

- emphasize **customer choice**. Customer driven services will help employers get the workers they need while empowering job seekers to select the training needed for the jobs they want.
- ensure **accountability** to job seekers and employers. Meaningful performance targets and outcome measures will allow for the use of discretionary funding to pay for positive results.

- emphasize **integration** to ensure streamlined service delivery. This will simplify administration, improve local control, enhance customer focus, and promote customer choice.
- ensure **open access** (universality) to all customers. This will also allow greater customer choice while providing flexibility and innovation of service delivery at local and state levels.

New workforce development partnerships are evolving at the state and community levels. Employment and training service providers, who previously operated autonomously, have joined forces to better serve job seekers and employers. (Note: The Workforce Investment Act of 1998 defines 14 partners required to make their services available at One-Stop Career Centers.)

Labor Market Information

Labor market information is the key to an effective workforce development system. Employment, unemployment, and wage data will be important as One-Stop Career Centers respond to the needs of job seekers and employers. The new Division of Workforce Development will maintain a tracking system to monitor performance of the Centers and Workforce Development System as a whole. The Research and Analysis Unit will work closely with the local Workforce Investment Boards to provide timely feedback regarding Center performance.

Automation

For the new Workforce Development System to reach its full potential, a highly responsive automation system is needed to link data from various agencies to provide effective case management and measure outcomes. The new Workforce Development System should build its automation capabilities on the strengths of the current Job Training Information System, America's Workforce System, and **Missouri WORKS!**.

ACCOUNTABILITY AND OUTCOME MEASURES

Customer service decision making is being devolved to the Workforce Investment Boards and One-Stop Career Centers. To ensure effectiveness of the new Workforce Development System, the level of funding for the community-based One-Stop Career Centers should be based, in part, on the results obtained. Local service providers and One-Stop Career Center operators will need accurate and timely performance information to manage and market their employment and training products.

The new Division of Workforce Development will implement an effective customer-based results and accountability system that measures performance outcomes; provides performance benchmarks; and is responsive to job seekers and employers. It must be a cost-effective system that promotes a positive return on investment. Outcome measures should include services provided and results obtained for job seekers and employers, as well as, customer satisfaction, equity of access, and market penetration.

In response to the Governor's Show-Me Results, the Missouri Training and Employment Council has established baselines for measuring workforce development system performance. The Council has also set performance targets in the areas of: the number of people who get jobs; the number of people getting jobs at higher wages; the number of people who move above the poverty line; and the number of people who remain employed for twelve months.

Given the standards for performance outlined in the Workforce Investment Act of 1998 (H.R. 1385), Missouri appears to be ahead of the nation in setting performance targets.

PARTNERSHIPS

Unemployment Insurance, Social Services, and Education must be full partners in the new Workforce Development System. Partnerships built on shared outcomes will help students, unemployed workers, and welfare clients, in addition to controlling employer costs.

Unemployment Insurance

To ensure accountability to claimants for rapid re-employment and to employers for assisting in controlling costs, One-Stop Career Centers will track and report on their re-employment effectiveness.

The Division of Employment Security's Regional Telephone Claims Centers will assist claimants for unemployment insurance benefits by:

- creating an automated partial work registration and referral to the nearest One-Stop Career Center from data received at the time a claimant files an initial claim;
- providing claimants with One-Stop Career Center addresses and Internet re-employment information sources (**Missouri WORKS!**), at the time the initial claim is filed;
- revising the *Information for Workers* booklet given to new claimants, to include written information about One-Stop Career Centers and **Missouri WORKS!**; and
- expanding the Worker Profiling model and eligibility review process to identify and refer claimants who are most likely to exhaust benefits to One-Stop Career Centers for re-employment services and training opportunities.

The new Division of Workforce Development's One-Stop Career Centers will assist unemployment insurance claimants and employers by:

- providing access to user-friendly labor market information through tools like **Missouri WORKS!**;
- assessing claimants' knowledge, skills, and abilities to assist the filing of their work registration;

- aiding in rapid, appropriate re-employment; and
- providing information on how to file unemployment insurance claims.

Social Services

Welfare reform legislation mandates that individuals receiving cash grants remain on public assistance for a limited time. For individuals receiving public assistance and their families to become self-sufficient, the recipient must become job-ready and employed in a timely manner. Social Services customers also need to be provided appropriate case management support to maintain their jobs in spite of personal crisis.

An accurate assessment at the point of entry into the system will be an important component of the new Workforce Development System. The Department of Social Services will make case management services available during the employment process and for at least 12 months after a job seeker gains employment. Particular attention needs to be given to the child care, medical and transportation needs of those moving from welfare-to-work. The new Workforce Development System will share information with the Department of Social Services to support case management for welfare-to-work customers.

The Department of Social Services intends to enter into outcome-based contracts with the Division of Workforce Development to promote people moving from welfare to self-sufficiency. The scope of work and performance outcomes will be negotiated with the new Division of Workforce Development during the next year.

Education

Missourians need educational tools to compete in the constantly changing world of work. Lifelong learning is crucial to maintaining a high quality of life. Adult and post secondary education schools, colleges, and institutions must be full partners in serving the citizens at One-Stop Service Centers. The local Workforce Investment Boards should include at least one representative from a public adult and post secondary education institution. Additional representatives from private vocational technical institutions, community rehabilitation programs, and apprenticeship training programs are strongly recommended.

Local plans must be developed to identify short-term training needs. An inventory of short-term training programs should be accessible through the One-Stop Career Center System. Customers should be screened and assessed into appropriate services designed for them to be successful. Guidelines for approving individual training accounts, as outlined in the Workforce Investment Act of 1998, should be carefully crafted through cooperative relationships. Under the Act, training providers must be certified by the State.

A credentialing process is strongly recommended to provide uniform training in the career development competencies necessary to assist One-Stop Career Center customers. It is also

recommended that a professional development plan for workforce development personnel be established.

To meet emerging needs at the community level, post secondary education providers need accurate and timely local labor market information. Adult and post secondary education schools, colleges, programs, and institutions must be one of the state's primary partners when statewide economic development plans are developed. State plans such as Adult Education and Literacy, Carl Perkins, Tech Prep, Welfare-to-Work and Temporary Assistance should be strategically linked to plans under the Workforce Investment Act of 1998.

HUMAN RESOURCES

The consolidation of employment and training programs should necessitate the creation of a new job classification system. Currently, there are 25 classifications and 15 pay ranges used by the Division of Job Development and Training and the Division of Employment Security's Employment Services. The new series includes 9 classifications and 8 pay ranges.

The Missouri Division of Personnel's Performance Management System should be implemented at the new Division of Workforce Development and customized to match the strategic plan, organizational structure, work units or teams, and most importantly the individual employee. The performance management system will be well suited to helping the new Division staff achieve the goals of the strategic plan and meet the performance requirements of the Workforce Investment Act of 1998.

CONCLUSION

The new Workforce Development System will enhance Missouri's ability to compete effectively in the global economy. Integrating economic development and workforce development is the key to a system that responds to labor and market changes in a timely and effective manner. A workforce development system that brings job seekers and employers together more rapidly will increase productivity, invigorate the economy, and improve Missouri's quality of life.

The new Division of Workforce Development will emphasize customer choice and expand Missourians' access to employment and training services - always putting the citizen ahead of bureaucracy.

Now is the right time for *New Directions in Workforce Development*.

Division of Workforce Development Organizational Structure

